

A RESOLUTION

2003-40-34

APPROVING THE ISSUANCE OF ADJUSTABLE RATE DEMAND REVENUE BONDS IN THE AMOUNT OF \$5,185,000.00 BY THE CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION FOR THE ST. ANTHONY CATHOLIC HIGH SCHOOL (TEXAS), INC., A TEXAS NONPROFIT CORPORATION, AND APPROVING OTHER MATTERS RELATED THERETO.

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WHEREAS, the CITY OF SAN ANTONIO, TEXAS (the "City"), pursuant to the provisions of Chapter 53, Texas Education Code, as amended (the "Act"), particularly Section 53.35(b) thereof, approved and created the CITY OF SAN ANTONIO, TEXAS EDUCATION FACILITIES CORPORATION (the "Corporation") as a nonprofit corporation to exercise the powers enumerated and provided in the Act for and on behalf of the City; and

WHEREAS, pursuant to Section 53.48 of the Act, the Corporation is authorized to issue bonds to finance or refinance educational facilities or housing facilities to be used by an accredited primary or secondary school, and pursuant to Section 53.34(a) of the Act, the Corporation, on behalf of the City, is empowered to issue its revenue bonds and loan the proceeds thereof to an accredited primary or secondary school in order to acquire, construct, enlarge, extend, repair, renovate, or otherwise improve educational facilities or housing facilities or any facility incidental, subordinate, or related to or appropriate in connection with an educational facility or housing facility, or for acquiring land to be used for those purposes, and to pay the issuance costs related to such bonds; and

WHEREAS, the City has been informed by representatives of the Corporation that the Board of Directors of the Corporation approved a resolution (the "Bond Resolution," a copy of which has been filed with the City) authorizing the issuance of two series of revenue bonds for the benefit of the St. Anthony Catholic High School (Texas), Inc., a Texas nonprofit corporation located in the City (the "Borrower"), in which the University of the Incarnate Word (the "University") is the sole member, which bonds are further described as follows (collectively, the "Bonds"):

City of San Antonio, Texas Education Facilities Corporation Adjustable Rate Demand Revenue Bonds (St. Anthony Catholic High School Word Project), Series 2003A, in the aggregate principal amount of \$4,115,000; and

City of San Antonio, Texas Education Facilities Corporation Adjustable Rate Demand Revenue Bonds (St. Anthony Catholic High School Word Project), Taxable Series 2003B, in the aggregate principal amount of \$1,070,000; and

WHEREAS, in order to provide additional security and liquidity for the Bonds, the Borrower and the University have arranged for a direct-pay letter of credit (the "Letter of Credit") to be provided by Bank One, NA (the "Bank"), to the Trustee and for the Borrower and the University

to enter into a reimbursement agreement with the Bank in connection therewith, the terms of which will obligate the Borrower and the University to repay the Bank for any draws made under the Letter of Credit and pay fees and expenses related to providing such Letter of Credit; and

WHEREAS, representatives of the Corporation have assured the City that the Bonds will be payable solely from revenues derived by the Corporation from the Borrower pursuant to provisions of the Bond Resolution and a Loan Agreement, dated as of November 1, 2003, between the Corporation and the Borrower, as approved by the University, and other applicable documents being entered into by the Corporation in connection with the issuance of the Bonds, and from funds provided by the Bank under the Letter of Credit, and the City will have no responsibility in any manner for the payment of the debt service requirements of the Bonds; and

WHEREAS, in order to provide additional security for repayment of certain of the Borrower's obligations related to the Bonds, the Borrower, University and the Bank will enter into a Guaranty Agreement, dated as of November 1, 2003 (the "Guaranty Agreement"), pursuant to which the University will guarantee certain obligations of the Borrower, including payment obligations of the Borrower set forth in the Letter of Credit and the Reimbursement Agreement; and

WHEREAS, Section 147(f) of the Internal Revenue Code of 1986, as amended, requires the City Council of the City (as the "applicable elected representative" of the "governmental unit" on behalf of which the Bonds are issued) to approve the issuance of the Series 2003A Bonds; and

WHEREAS, on October 14, 2003, a public hearing was held by the Corporation with respect to the aforementioned subject matter and notice of such public hearing was published in the *San Antonio Express-News* (a newspaper of general circulation in the City) on September 28, 2003, and posted as required by Chapter 551, Texas Government Code; and

WHEREAS, it is hereby officially found and determined that the meeting at which this Resolution was adopted was open to the public and public notice of the time, place, and purpose of said meeting was given, all as required by Chapter 551, Texas Government Code; and

WHEREAS, it is hereby deemed necessary and advisable that this Resolution be adopted; **NOW THEREFORE:**

BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO:

SECTION 1. APPROVING THE ISSUANCE OF THE BONDS. In order to satisfy the requirements of Section 147(f) of the Internal Revenue Code of 1986, as amended, and the Bylaws of the Corporation, the City hereby approves the issuance of the Bonds described above in the aggregate principal amount of **\$5,185,000** in order for the Corporation to obtain funds to pay costs of issuance and to provide funds to finance or refinance the acquisition of, and improvements to, the St. Anthony Catholic High School and acquisition of equipment related thereto (which are more fully described in Exhibit A to the Loan Agreement).

SECTION 2. INCORPORATION OF RECITALS. The City Council hereby finds that the statements set forth in the recitals of this Resolution are true and correct, and the City Council hereby incorporates such recitals as a part of this Resolution.

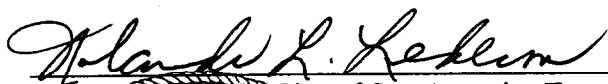
SECTION 3. EFFECTIVE DATE. Pursuant to Chapter 1, Section 1-15 of the City Charter, this Resolution shall be effective immediately upon passage by at least eight affirmative votes.

PASSED AND APPROVED BY THE CITY COUNCIL OF THE CITY OF SAN ANTONIO, TEXAS ON THE 6TH DAY OF NOVEMBER, 2003.

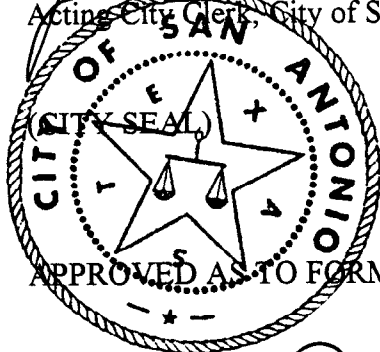


MAYOR
EDWARD D. GARZA

ATTEST:



Acting City Clerk, City of San Antonio, Texas



By:



City Attorney

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[EXECUTION PAGE TO CITY RESOLUTION]